

Computer Tampering: Bypassing the Diploma Mills

By Judith Cummings
New York Times Service

LOS ANGELES — From campuses to Congress, there is concern that illegal computer-assisted tampering with educational grades and records could replace old-fashioned diploma mills and unaccredited offshore schools as the easier way to a university degree.

Educators, legislators and law-enforcement officials say that no one has a reliable idea of the extent of computer tampering. Representative William J. Hughes, Democrat of New Jersey, whose computer crime measure was passed by the last session of Congress, said in an interview that neither colleges nor financial institutions were willing to document the suspected problem for fear of losing public confidence.

This month the University of Southern California and the Los Angeles district attorney's office said they were investigating allegations that bogus degrees had been sold for as much as \$25,000, and had been "documented" by faked complete transcripts planted in the university's computer.

Some officials in academia, such as Sheldon Steinbach, general counsel to the American Council on Education in Washington, say "there is no evidence that this is a widespread problem."

But some investigators, such as a Los Angeles law-enforcement official who did not want to be named, said it had been rumored that grade forgery by computers was happening at schools "all over the place."

The University of Southern California case marked the first time it has been alleged that a computer has been used to fake entire

transcripts, according to specialists in education and in law enforcement.

But they say that less grandiose computer tampering at universities, from the changing of grades for individual students to tampering with research projects, has become a growing source of concern.

It has led schools to take greater security precautions, computer manufacturers to develop new security technology to keep ahead

of made in connection with the arrest on drug charges of a former USC student.

Sylvia Manning, vice provost of the university, said in an interview that nine more students had been added since October to those whose grades were under investigation. But she also said that no evidence had been found to date that entire transcripts were fabricated.

However, Clifton H. Garrett, who heads

Senate, disagreed with Mr. Kirby's assessment. "Over half the students here at USC are on financial aid," he said.

"If computer tampering is happening here," Mr. Singer said, "I'm sure it's happening in other places."

Donald G. Gwin, vice president for data management and research of the American Association of Collegiate Registrars and Admissions Officers, said the issue of computer security has become "a really hot topic" for discussion at the group's national convention scheduled for April in Cincinnati.

Employers are increasingly contacting schools to check applicants' education records, Mr. Gwin said. For cheaters, he said, bogus computer transcripts hold a special appeal in that when an unsuspecting school administration punches in the requested name, the computer turns out the verifying transcript, although a "false one."

Mr. Hughes, chairman of the subcommittee on crime of the House Judiciary Committee, said that he planned to reintroduce a "computer trespass" measure that was defeated in the passage of the Comprehensive Crime Control Act of 1984.

The Hughes provision would create a new felony offense punishable by up to 10 years in prison for anyone who gained \$5,000 as a result of improper use of authorized access to a computer.

Mr. Steinbach said the American Council on Education was backing the legislation for passage in the current Congress. "If kids can break into highly sophisticated military intelligence computers, we query whether individuals of equal capacity can break into university computers," he said.

Michael L. Singer, president of the student

Colleges and financial institutions are suspected of being unwilling to document the problem of computer-tampered grades for fear of losing public confidence.

of skilled amateurs, and legislatures to vote new criminal penalties.

The University of Southern California installed a computerized system for academic record-keeping in December 1982.

In October 1984 the university said it was investigating 21 students suspected of paying to have their grades changed in the school's computer, and that it had discharged an employee in the records and registration office after she admitted that she had been paid \$1,500 for changing five grades.

Recently the Los Angeles County district attorney's office said it was investigating an allegation that complete falsified transcripts had been inserted into the computer system for students who had paid as much as \$25,000 for a doctoral degree. The charge

the district attorney's computer crime unit, said the case was still open. "Based on information we have received," he said, "we are pursuing the possibility that phony degrees were created."

When the issue arose last fall, John Kirby, editorial director of the student newspaper, *The Daily Trojan*, told a local reporter that he "wasn't really surprised" by the incident.

"You have a school here where there's a large portion of the student body that has a good amount of money," he said. "There's always the possibility that someone is going to have a price that's going to be met."

Mr. Kirby said early this month that he would not comment further on the matter.

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U.S. Court Broadens Rights of Poor Suspects

By Linda Greenhouse
New York Times Service

WASHINGTON — The U.S. Supreme Court ruled Tuesday that the state must provide an indigent criminal defendant with free psychiatric assistance in preparing an insanity defense if the defendant's sanity at the time of the crime is seriously in question.

The 8-to-1 decision, written by Associate Justice Thurgood Marshall, was the first Supreme Court ruling in years to extend an important new constitutional right to criminal defendants. Associate Justice William H. Rehnquist dissented.

The court overruled the death sentence of an Oklahoma man, convicted of murdering a minister and his wife, whose request for psychiatric assistance in mounting an insanity defense was denied by the Oklahoma courts.

The man, Glen Burton Ake, was given a court-appointed lawyer but could not afford to pay a psychiatrist. As a result, he presented no expert testimony to support his contention that he was insane at the time of the crime.

The "elementary principle," Justice Marshall said, was that "when a state brings its judicial power to bear on an indigent defendant in a criminal proceeding, it must take steps to assure that the defendant has a fair opportunity to present his defense."

There must be "meaningful access to justice," Justice Marshall said, not simply "mere access to the courthouse doors." He said that "a criminal trial is fundamentally unfair if the state proceeds against an indigent defendant without making certain that he has access to the raw materials integral to the building of an effective defense." The decision was based on the due process guarantee of the 14th Amendment.

Most states now provide some form of psychiatric assistance for indigent defendants. But Arthur B. Spitzer, who argued the case for the American Civil Liberties Union, said Tuesday that the decision established a broader right than was now available in many of those states.

The court said the state must provide a psychiatrist not only to examine the defendant, but also to assist in evaluation, preparation and presentation of the defense.

In his dissenting opinion, Justice Rehnquist objected particularly to the scope of that language. He said the court was giving defendants access not only to a psychiatrist, but to a "defense advocate." At the most, he said, the right should be to an independent psychiatric evaluation, not to a defense consultant.

Justice Rehnquist added that it was "highly doubtful" the constitution required the states to make an insanity defense available at all.

U.S. Envoy Sees Risk for Zia

Pakistan's election has moved the country closer to democracy but also has posed formidable risks for General Zia if he fulfills his pledge to lift martial law, the U.S. ambassador, Deane R. Hinton, said Tuesday.

Mr. Hinton told The Washington Post in Islamabad that if martial law were lifted it would be a "big plus" in making Pakistan more appealing to U.S. critics of aid to the country, a bulwark against Soviet expansionism in the region.

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Foes of New Caledonia Independence Rally in Defiance of Emergency Rule

The Associated Press

NOUMEA, New Caledonia — Thousands of people who oppose independence for this French territory defied a ban on demonstrations on Tuesday and marched peacefully in the streets of Nouméa.

The organizers of the demonstration, called a "march of liberty," estimated the crowd at 40,000. Other estimates varied from 15,000 to 35,000.

"For a city of 60,000 inhabitants, this is extraordinary," said Roger Larocque, mayor of Nouméa and an anti-independence leader.

Jacques Lafleur, New Caledonia's conservative deputy to the National Assembly in Paris, demanded that a referendum be organized immediately on independence. "If the government refuses, we will take the initiative ourselves, in a month, to organize it," Mr. Lafleur told the crowd.

Supporting him was Dick Ukeiwe, the Melanesian president of the territorial government. Both have opposed another referendum plan, devised by Edgard Pisani, the

French government's special envoy to New Caledonia.

Mr. Pisani's plan calls for independence "in association with France," meaning that France would provide security and defense for the South Pacific archipelago. He has called for a referendum on the plan in July, but negotiations on possible revisions have broken down with both pro- and anti-independence groups.

Tuesday's demonstration resulted from Mr. Pisani's order for the expulsion of five leaders of the extreme-right Caledonian Front.

The five were among the organizers of a white settlers' picnic Feb. 17 in Thio, a stronghold of pro-independence Melanesians, or Kanaks, on the east coast of the main island. The Melanesians of the Kanak Socialist National Liberation Front saw the picnic as a provocation, and clashed with police who had been separating them from the settlers. Nine persons were injured.

The five rightists were ordered to leave for violating a state of emergency that was declared last month, and which bans mass gatherings.

They have refused to leave and are now in hiding.

The participants in Tuesday's protest, which was also illegal under the state of emergency, flew French flags and anti-independence banners in a cortege led by Mr. Lafleur, Mr. Larocque and Mr. Ukeiwe.

Mr. Lafleur, who heads the Rally for Caledonia in the Republic party, the New Caledonian branch of the Gaullist Rally for the Republic, said the demonstration was a prelude to an even larger march in France "so that New Caledonia remains French."

In Paris, the government spokeswoman, Georgina Dufaux, accused the Rally for the Republic of having "once again crossed another stage in the escalation of illegality" by supporting the demonstration.

Mr. Pisani said at a news conference in Nouméa that the demonstration was "useless."

"It will change nothing," he said. "The problems remain. One must take them up and resolve them. It is not in demonstrating but in putting forward new ideas, in accepting debate, that we will make things progress."



A PEACE OFFER — Members of the Greenpeace environmental group, wearing radiation suits, dumped five tons of radioactive mud Tuesday in front of the Department of the Environment in London. They said the mud came from the Sellafield (formerly Windscale) nuclear processing plant in northwestern Cumbria. Authorities arrested eight protesters and sealed off the area, but said the radiation level was insignificant.

Papandreou Is Accused In Failed Cyprus Talks

By Henry Kamm
New York Times Service

NICOSIA — Rauf Denktash, the leader of the Turkish Cypriots, has accused Prime Minister Andreas Papandreou of Greece of bringing about the failure of last month's UN-sponsored negotiations for a settlement of the Cyprus problem in order to sustain his claim for continued U.S. arms aid.

Mr. Denktash met last month with President Spyros Kyprianou, leader of the Greek Cypriots, in New York under the auspices of Secretary-General Javier Pérez de Cuellar. High hopes were disappointed when the communal leaders failed to agree on a draft accord for a federal republic that was thought to have been accepted in three rounds of negotiations in which the secretary-general met separately with Mr. Kyprianou and Mr. Denktash.

Mr. Denktash is president of the independent republic in northern Cyprus that is recognized only by Turkey. He said Monday that Mr. Kyprianou refused to sign the draft following "strategy and tactics prepared in Athens."

"Mr. Papandreou cannot afford to have the Cyprus problem come



Rauf Denktash

about the UN meeting was "dead." He said the Turkish Cypriots would take no new negotiating initiative until this summer at the earliest and would proceed with the adoption of a constitution and presidential and parliamentary elections to make the secessionist state a reality by June 23.

■ Talks Postponed

Mr. Kyprianou postponed talks in London with Prime Minister Margaret Thatcher because of the constitutional crisis, Reuters reported from Nicosia. A government spokesman said a meeting planned for Thursday was postponed at Cypriot request and no new date has been set.

UN Troops in Lebanon Are Caught in the Middle

Units Struggle to Keep Fighting Between Israelis and Shiites at a Minimum

By Jonathan C. Randal
Washington Post Service

NAQOURA, Lebanon — United Nations peacekeepers in southern Lebanon are finding themselves hard-pressed as Israel's withdrawal from the area turns into a bloody confrontation with Shiite Moslems.

Two recent incidents were symptomatic of the new tensions.

In the first, French troops of the 10-nation, 5,900-man force were roughed up as they sought to stop Israeli soldiers, responding to an attack on a patrol, from destroying houses in a Shiite village.

The other incident involved a near gambit at the Qasimiyeh Bridge over the Litani River when an Israeli infantryman fired at French guards protecting a routine UN convoy to prevent its moving north to Beirut.

The incidents but were not judged serious in themselves. But they recalled the almost constant bad relations between Israel and the lightly armed UN Interim Force in Lebanon, or Unifil, from its inception during an Israeli advance into the south in 1978, until last summer.

The participating nations include a Swedish medical team and an Italian helicopter unit plus infantry from Fiji, Finland, France, Ghana, the Netherlands, Ireland, Nepal and Norway. They are responsible for a 430-square-mile (1,118-square-kilometer) area 3 to 6 miles (4.8 to 9.6 kilometers) north of the Israeli border, stretching from the Mediterranean to Mount Hermon.

The UN force also has theoretical jurisdiction under UN Security Council Resolution 425 for

the roughly 100-square-mile border strip. But in practice the area was controlled even before Israel's 1982 invasion by the Israeli Army operating almost openly alongside the thinly disguised formal presence of its Christian Lebanese allies.

Unifil's fixed positions and foot and motorized patrols in the past detained, disarmed but released the Lebanese Christians allied with Israel and their foes, the Palestinian guerrillas and now Lebanese Shiite Moslems on the other.

It is in that area that Unifil, since its inception, has tried to contain the level of violence between the Israelis and their Lebanese allies on one side, and first the Palestinian guerrillas and now Lebanese Shiite Moslems on the other.

Syria vetoed Israel's plans for Unifil to move north, apparently to ensure that the Israeli withdrawal from Lebanon would be as painful as possible.

This has left the small strip of southern Lebanon with a volatile mix of angry Shiites, Israelis increasingly determined to suppress attacks against their withdrawing forces and UN forces, once again, caught in the middle.

What worries Unifil officers is the possibility that Israel may seek to expand the old border region under the control of its Lebanese allies into a uniform, six-mile-deep security belt.

Such a six-mile zone was widely believed to be the Israelis' goal during their initial 1978 invasion of southern Lebanon, which was thwarted by quick American-led diplomacy at the UN Security Council, setting up Unifil.

A Unifil source said, "If the Israeli Army stays on in the Unifil operations zone," which snakes its way 35 miles from the Mediterranean to the Syrian border at varying distances from the Israeli border, "despite Shiite opposition, then Unifil's position caught between them would be very difficult, indeed untenable."

Nearly Half Of Miners in U.K. on Job, Board Says

Reuters

LONDON — More than 1,400 miners abandoned Britain's 50-week coal strike on Tuesday, putting the number of miners now working at almost 50 percent of the work force, the National Coal Board asserted.

But the National Union of Mineworkers disputed the board's figures, saying that only 36 percent of its members are working. The board, which is insisting on the right to close pits on economic grounds, has said that it will consider the strike at an end when more than half the work force is back.

The Conservative government and the board ruled out further talks and launched a campaign to persuade miners to go back after the collapse last week of a peace initiative.

Negotiations between the board and the union collapsed in October.

According to the board, 1,464 miners went back to work on the morning shift on Tuesday, raising the number now working to more than 92,000. This was a record return for a Tuesday, a spokesman said. A one-day record of 3,807 miners quit the strike on Monday.

Meanwhile, leaders of the miners had further talks in London on Tuesday with senior trade union officials, who were the instigators of the failed peace initiative.

Newspapers said the return to work was a slap in the face for the union's president, Arthur Scargill. The Daily Express, which supports the government, described it as a victory for sanity.

The strike, which has cost Britain more than \$2 billion (about \$2.1 billion) according to independent estimates, began last March over plans to shut 20 pits and eliminate 20,000 jobs.

The government said it has offered the miners the best deal in their history, with promises to increase investment and not to put miners out of work against their will.

Strike Called at French Ports

Reuters

PARIS — The Communist-led General Confederation of Labor has called a 24-hour strike of the administrative staff and crane operators at all French seaports. The strike, which will start at midnight Tuesday, was called to protest what the union called management's failure to reach a salary settlement for 1984.

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WASHINGTON — The
Senate Select Committee on Energy and
Natural Resources has voted to approve
a bill to extend the life of the
nuclear power plant at Three Mile
Island in Pennsylvania.

The bill, introduced by Sen. George P.
Shultz, R-Wis., and Sen. John D. Dingell,
D-Mich., would extend the plant's life by
10 years.

The bill would also require the plant to
be shut down if it fails to meet safety
standards.

The bill is expected to be voted on by the
Senate in the coming weeks.

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Shultz, Weinberger Ask Congress to Support MX

Production of 100 Missiles Called Vital To Military Strength and Arms Control

The Associated Press

WASHINGTON — The Reagan administration's top diplomatic and defense officials told Congress on Tuesday that the production and deployment of 100 MX missiles is vital to effective arms control and to national military strength.

In a rare joint appearance, Secretary of State George P. Shultz and Secretary of Defense Caspar W. Weinberger urged Congress to approve money for the entire MX missile fleet.

"This is no time to cast doubt on our national resolve," Mr. Shultz said.

A decision to halt or slow the MX program, Mr. Weinberger told the Senate Armed Services Committee, would convey an unmistakable message to the Soviet Union "that we lack the will to achieve our goals in the world."

Mr. Shultz said the United States must move ahead with the MX, an intercontinental ballistic missile with 10 warheads, because it represents a credible deterrent to new Soviet missiles.

Mr. Shultz insisted that the MX and the research and development of a space-based missile defense were "not bargaining chips."

"They represent much-needed modernization, consistent with existing arms-control agreements," he said. "They are an essential element of our deterrent posture. And they are the foundation on which an effective arms control regime can be built."



Richard R. Burt

Richard N. Perle

The Congress is expected to vote on production money for 21 MX missiles in the next several weeks. A first group of 21 missiles was approved in 1983.

■ Soviet 'Peace Offensive'
Earlier, Don Oberdorfer of The Washington Post reported from Washington:

A senior State Department official has warned that the Soviet Union has started a campaign to use the U.S. proposal for space-based missile defenses as an issue in the coming Geneva arms negotiations to divide the United States and its West European allies.

But the official, Assistant Secretary of State Richard R. Burt, predicted Monday that an "alliance consensus" on the plan, which the Reagan administration calls the Strategic Defense Initiative, would thwart the Soviet efforts and enhance the U.S. bargaining position in the Geneva talks.

Mr. Burt and his Pentagon counterpart, Assistant Secretary of Defense Richard N. Perle, appeared before the Senate Foreign Relations Committee to discuss U.S.-Soviet relations and arms control.

Mr. Burt seemed more positive about Mr. Perle's arms control and the Geneva talks, which are scheduled to begin March 12.

He cautioned, however, that the United States was "running the risk of another round of euphoria" as the negotiations neared.

Mr. Burt said the Russians were in "the early stages of a new 'peace

offensive,'" and added that "we must guard against the buildup of expectations which the Soviets are surely seeking to manipulate."

Among the signs of a Soviet "peace offensive," according to State Department officials, are Moscow's recent decision to permit international inspection of some of its civilian nuclear facilities and its U.S. visit set for next week of a large, prestigious Soviet delegation.

Mr. Burt testified Monday that the administration had held meetings with its allies in the North Atlantic Treaty Organization to "demystify" the Strategic Defense Initiative and increase support for it. And Mr. Perle said the Pentagon was studying ways to involve the allies in the research leading to a decision on the plan's feasibility.

Mr. Burt described this as a "unilateral" Soviet statement and said he was "not aware of any U.S. agreement."

Some conservatives on Capitol Hill have charged that the Reagan administration agreed to permit the Russians to forgo the projected reductions as part of a "secret executive agreement" with Moscow.

Under questioning Monday

Gromyko Presses Italy on Space Arms

He Urges Rome to Oppose to Reagan's Anti-Missile Plan

Compiled by Our Staff From Dispatches

ROME — Foreign Minister Andrei A. Gromyko of the Soviet Union, in an attack Tuesday on the U.S. plan for space-based missile defenses, urged Italy to express its opposition to putting weapons in space.

Mr. Gromyko, after meeting with Foreign Minister Giulio Andreotti for nearly three hours, said in a luncheon toast:

"We do not hide that we would like to see also Italy among the countries that have raised their own voice" against armaments in space.

The Soviet minister said he was confident that Italy would be able to contribute "concrete acts" toward making a success of the new U.S.-Soviet arms control negotiations in Geneva, which begin March 12.

No details of the talks between Mr. Andreotti and Mr. Gromyko were released, but the Italian news agency ANSA said the principal subject was East-West relations.

While backing President Ronald Reagan's decision to go ahead with

research on an anti-missile defense system in space, Italy has made clear that it shares Soviet concern over the militarization of space.

The agency said the two men also discussed the Middle East and Italy's growing trade imbalance with the Soviet Union, which was 4.1 trillion lire (about \$2 billion) last year.

Officials said the two men met privately for 20 minutes and then were joined by their aides and other officials at the Italian Foreign Ministry.

After the talks, Mr. Andreotti was host at a lunch for Mr. Gromyko at Palazzo Barberini. He is also scheduled to meet with Pope John Paul II on Wednesday.

Mr. Gromyko, who began a three-day visit to Rome on Monday, was to meet later with Prime Minister Bettino Craxi in the Chigi Palace.

The Socialist prime minister, a strong supporter of Italy's role in NATO, is leaving Monday for a visit to Washington where he will address a joint meeting of the U.S. Congress on March 6.

Mr. Gromyko is on his first visit to Italy in six years, and his first to any West European country deploying U.S. intermediate-range missiles.

(AP, UPI)

Soviet Says ILO Ignores Problems; Funds May Be Cut

The Associated Press

GENEVA — The Soviet delegate to the International Labor Organization said Tuesday his country may consider financial sanctions against the body if radical changes are not made in its activities.

The delegate, Leonid Kostin, said that a complete withdrawal of funds from the ILO was "out of the question," and that he could not say when any possible sanctions might take effect. The Soviet bloc contributes about 20 percent of the ILO's \$255-million budget.

Mr. Kostin said the ILO was ignoring major problems such as reducing unemployment, lowering inflation and developing social services, and warned that the consequences could be "very serious."

The executive committee of the ILO, a United Nations organization that monitors work conditions and living standards for workers, is meeting this week in Geneva.

Mr. Kostin emphasized that the Soviet Union was not considering withdrawing from the ILO.

CIA, Pentagon Stress Unity on Analyses

By Bill Keller
New York Times Service

WASHINGTON — Analysts for the Central Intelligence Agency and the Pentagon say there is evidence of a sudden spurt in Soviet spending on weapons procurement for the first time since the mid-1970s. But the agencies differ sharply on the pace of this buildup and what it means.

The Pentagon's Defense Intelligence Agency estimates that the weapons part of the Soviet military budget increased between 5 percent and 8 percent from 1982 to 1983, the last year studied, and says preliminary signs point to an increase for 1984.

The CIA, basing its estimate on what one official said was "a little more cautious" forecast of how fast new weapons would roll off the assembly lines, said Monday that Soviet weapons spending rose between 1 percent and 2 percent in 1983 and that it was too early to tell about 1984.

A CIA analyst added that his agency considered the evidence for the 1983 spurt to be tentative. "We're less certain that the change occurred in 1983," he said.

Economic analysis from the two intelligence agencies spoke to reporters on Monday in the office of the Defense Department spokesman, Michael J. Burch, in an attempt to dispel reports that they disagreed on the Soviet buildup.

The differing estimates of Soviet spending have become part of a running debate over U.S. military spending, with critics of the Pentagon citing the CIA numbers as evidence that the Defense Department has exaggerated the Soviet competition.

"I think the administration has definitely oversold the Soviet military threat," Senator William Proxmire said Monday. Mr. Proxmire, a Wisconsin Democrat, is the ranking Democrat on a congressional economic subcommittee that last week made public the transcript of CIA testimony last November on the Soviet economy.

In that testimony, the CIA's deputy director for intelligence, Robert Gates, cited "preliminary" evidence of an acceleration in Soviet weapons-buying in 1983 after six years of "stagnation."

He said that overall Soviet military spending had grown at the rate of about 2 percent since 1976, after adjusting for inflation. That is the same estimate the CIA has used since 1983.

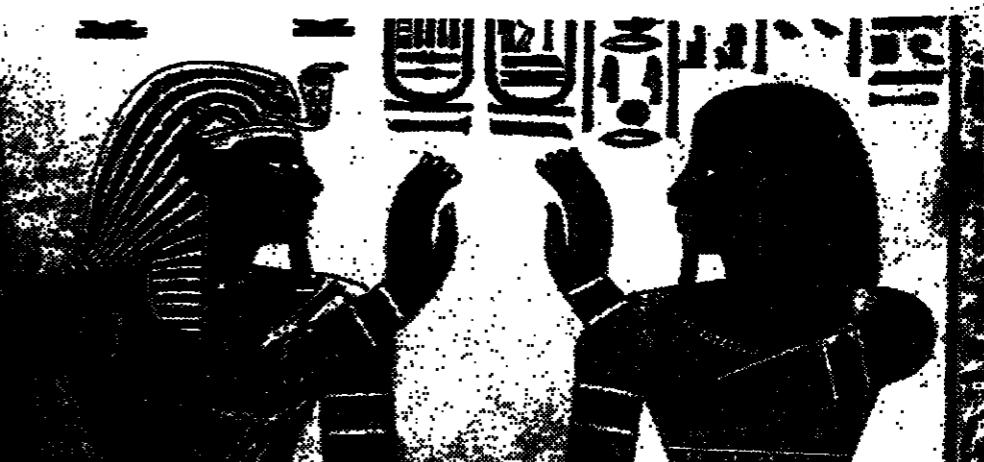
The CIA and Pentagon analysts generally agreed Monday that growth in Soviet budgets, after surging in the 1960s and early 1970s, tapered off in 1976 as the Soviet economy sagged.

Russians spend 15 percent to 17 percent of their gross national product on the military while the United States spends about 7 percent of its GNP, the total value of goods and services. The GNP of the United States, however, is about twice that of the Soviet Union.

Both agencies estimate that the

right" when he said the Soviet economy could not stand a return to the military buildup rates of the years before 1976.

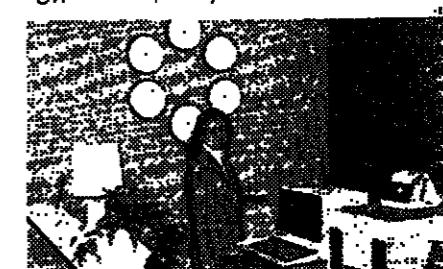
The CIA and the Pentagon measure Soviet weapons-spending through the use of satellite photographs, observation of weapons tests and deliveries and other information to calculate what Soviet factories are producing.



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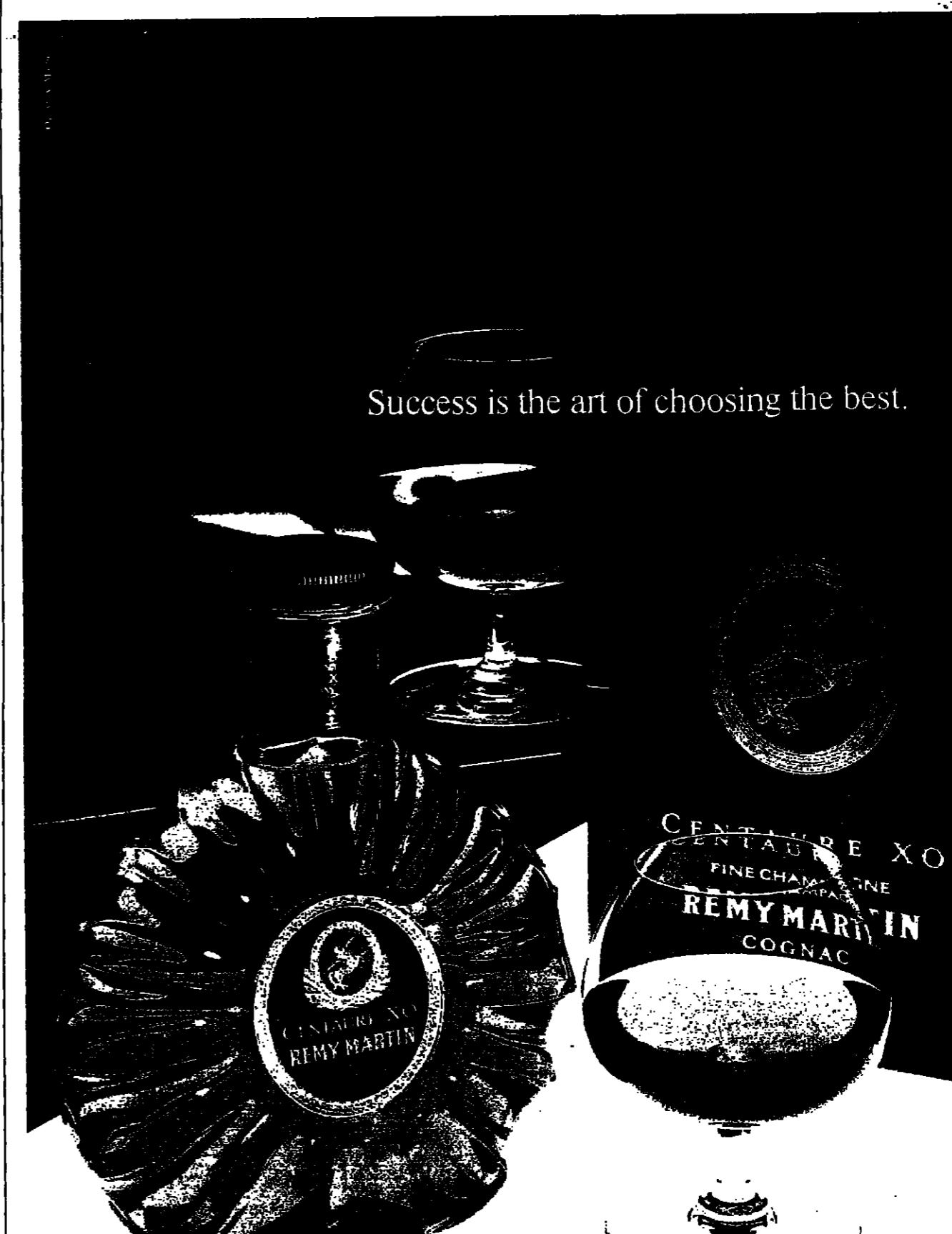
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INSIGHTS

Rugged Individualism, Values of the Right in U.S. Called 'Cancerous'

By Anne C. Roark

Los Angeles Times Service

LOS ANGELES — The rugged self-reliance Americans hold so dear personified by John Wayne and the American cowboy and championed by President Ronald Reagan and politicians of the right, has turned "cancerous," rendering much of the country's middle class incapable of a commitment to their most basic institutions — marriage, family, religion and politics — according to a study published by the University of California Press.

The project, five years in the making, was conducted by Robert N. Bellah, an eminent Berkeley, California, sociologist, and four other scholars representing the fields of sociology, theology and philosophy. Their work will be published in a 355-page book called "Habits of the Heart," scheduled to be released in late March.

Although few scholars or politicians have yet

seen the book, those who know of it consider it part of an emerging and highly controversial national debate on the role of ethics and values in American society. And those who have actually read advanced copies of the book are touting it as a "benchmark" study of the 1980s American character and the first in a series of "liberal counterattacks" against the neo-conservative movement that has dominated politics in recent years.

Both the title of the book and the questions raised in the project are based on a 150-year-old study, called "Democracy in America," by the French historian, Alexis de Tocqueville. In taking the "moral pulse" of America in the 1830s, Tocqueville found the same erosive private individualism that Mr. Bellah and his colleagues found in the 1980s. "Only it is worse today," Mr. Bellah said.

In interviewing white, middle-class Americans, Mr. Bellah and his colleagues found that many people in the United States have been swept away by "radical individualism," a sense

that, as one psychotherapist they interviewed put it, "in the end you're alone, and you have to answer to yourself."

"We are concerned," Mr. Bellah and his colleagues said in the study, "that this individualism may have grown cancerous that it may be threatening the survival of freedom itself."

THE result is that the institutions that safeguard democracy and freedom are being threatened, they said. People marry, for example, not out of loyalty or a sense of commitment or a belief in the value of the institution of marriage and family, but out of a sense of "psychological self-fulfillment." They become involved in politics, not out of any civic obligation or with any desire to seek what is best for the community as a whole but in an effort to defend their own "special interests."

That is why politics has become so "morally unsavory" to many Americans and "the politician" is held in such low regard. Mr. Bellah explained in a recent interview. "People assume

that, if you are in the game of politics, you are not playing fairly. You are not getting involved because you are a good citizen. You are not seeking what is best for the community. You are there for reasons of utility. You are after your own interests."

Mr. Bellah did note that "there is a growing nostalgia for the small town, a lot of talk about traditional values." But, he added, "a lot of it is awfully shallow and a bit phony. For the most part, people simply do not have the language to talk about those concerns. We hope the book at least will begin that discussion again."

Among the handful of scholars who have read the book, the discussion certainly has begun. Daniel Bell, professor of social science at Harvard University, said that for some years now Americans "have been hearing from the intellectuals on the right, the conservatives" who have provided much of the underpinnings of the Reagan administration's emphasis on the "individuals and their right to do their own thing, unencumbered by government."

"The Bellah study and others move in the direction of asking what it means to be part of a community," Mr. Bell said. In a written comment prepared for the publisher, Mr. Bell concluded that the study would become "the contemporary benchmark from which to look back and to look forward, in the continuing inquiry about American culture."

Working with Mr. Bellah on the project were four younger scholars, three of whom had been students of his at Berkeley or Harvard.

Ann Swindler, who now teaches sociology at Stanford, conducted interviews about love and marriage in several suburban neighborhoods in and around San Jose, California, and the high-technology area of Silicon Valley.

Steven M. Tipton, an associate professor at the Chandler School of Theology at Emory University, interviewed therapists and psychologists in the South and the San Francisco Bay area.

Richard Madsen, a sociologist at the University of California at San Diego, studied local bodies and volunteer organizations in a small town near Boston and a suburban area near San Diego.

William W. Sullivan, a philosophy professor at La Salle College in Philadelphia, studied two organizations that emerged from the political movement of the 1960s, the Institute for the Study of Civic Values in Philadelphia and the Campaign for Economic Democracy in Santa Monica, California.

The project was financed by the Ford, Rockefeller and Guggenheim Foundations and the National Endowment for the Humanities, which has given another grant to the group to continue working on the second phase of the project, a study of national think tanks, such as the Heritage Foundation and the American Enterprise Institute.

That study will follow a number of other similar studies on American ethics that are now being conducted by scholars around the United States and financed by major foundations.

McFarlane in the White House: A Modest Conciliator Comes of Age

By Lou Cannon

Washington Post Service

WASHINGTON — He is a hidden hand behind administration foreign policy, and the most prominent survivor of a second-term shake-up that has brought new faces to President Ronald Reagan's White House staff.

He remains deliberately obscure, overshadowed by two cabinet members, Secretary of State George P. Shultz and Defense Secretary Caspar W. Weinberger, but he has made his mark with Mr. Reagan by helping to resolve many of the policy disagreements between the two strong-willed secretaries.

His favorite mechanism for doing this is a private weekly breakfast at which he and the two cabinet members meet together, without their aides.

Robert Carl McFarlane, known to colleagues as Bud, is a soft-spoken former marine who as national security affairs adviser follows seemingly contradictory imperatives, and who is guided by a view of Soviet power as grim and pervasive as that of the president.

A conciliator who values diplomatic endeavors, Mr. McFarlane nevertheless was the most persistent administration exponent of sending the U.S. military to Lebanon. A Vietnam veteran who supported U.S. involvement there, he has come to believe that Americans will never back a long and limited war.

A long-time advocate of offensive nuclear power and a chief advocate in preserving the MX missile, he has become an advocate of the Strategic Defense Initiative, the plan aimed at protecting the United States from nuclear missiles.

Though a keen student of military affairs, he overestimated the effectiveness of the Lebanese Army, which collapsed at a crucial point.

Working for a president who preaches cabinet government but likes to make decisions in the closed company of a few advisers, Mr. McFarlane, 47, has quietly helped to centralize power in the White House.

He drafted position papers and chaired working groups that helped produce a fire show of administration unity on arms control at the January talks in Geneva between Mr. Shultz and Andrei A. Gromyko, the Soviet foreign minister. Mr. Reagan later called Mr. McFarlane's preparation for that "superb," according to the White House spokesman, Larry Speakes.

Administration officials point to two signs of Mr. McFarlane's growing influence: He will be assigned the first-floor office in the White House occupied by the president's counselor, Edwin Meese III, who was sworn in Monday as attorney general, and he has gained the approval of Nancy Reagan. Mrs. Reagan's social opinion of her husband's top aides is often an interestingly reliable barometer of their influence.

At the annual New Year's Eve party at the Palm Springs, California, home of Walter H. Annenberg, the publisher and former ambassador, she made a point of going across the ballroom floor to praise Mr. McFarlane's dancing. Such incidents would never be related by Mr. McFarlane, who is considered a tight-lipped workaholic.

ADMINISTRATION officials say he is willing to sacrifice public image for private influence and to trade on the reputation he still holds at the Defense and State departments as an ideal staff man who poses no threat to Mr. Weinberger or to Mr. Shultz.

Mr. McFarlane is aware, aides said, of Mr. Reagan's desire to have his cabinet officers be policy spokesmen. He may be one of the few high-ranking officials who practice the motto expressed by a sign on the president's desk: "There is no limit to what a man can do or where he can go if he doesn't mind who gets the credit."

Robert C. McFarlane, one of the few high-ranking U.S. officials who practices the motto on President Ronald Reagan's desk: "There is no limit to what a man can do or where he can go if he doesn't mind who gets the credit."



United Press International

Mr. McFarlane's friends and subordinates attest to his politeness and say that he never shouts and rarely complains. He is described as loyal to friends and extremely protective of his wife, Jonda, and their three children.

Much of Mr. McFarlane's humor is self-deprecating. He likes to tell of the time a late-night television show producer told him he had "the most boring face" she had ever seen.

He is not above a barb at his critics. Following the habits of a military career, he never criticizes his commander-in-chief. But he recently described Mr. Reagan's new director of communications, the conservative former communist Patrick J. Buchanan, as a "Jeane Kirkpatrick in long pants."

After the November election, Mrs. Kirkpatrick was the choice of conservatives, including Mr. Buchanan, to replace Mr. McFarlane when she asked to leave as UN ambassador. Instead, Mr. Reagan gave Mr. McFarlane a prompt and public vote of confidence. Mrs. Kirkpatrick has returned to teaching.

In an administration that has raised internal feuding to a high art, Mr. McFarlane has collected an incongruous set of admirers, among them former Secretary of State Alexander M. Haig Jr. and Treasury Secretary James A. Baker III, who had feuded with Mr. Haig when he was White House chief of staff.

Mr. Haig said Mr. McFarlane has brought a needed "sense of order and professionalism to the foreign policy processes of the Reagan administration." But he warned that Mr. McFarlane would face public scrutiny and criticism now that he has shed his image as a junior staff man.

Kenneth M. Duberstein, former White House congressional liaison and Baker loyalist, said Mr. McFarlane has become "the honest broker of the administration, giving the president what he wants and needs in a national security adviser."

Mr. McFarlane, the son of a New Deal Democrat congressman from Texas, also has the respect of many congressional Democrats. Representative Les Aspin, Democrat of Wisconsin and the new chairman of the House Armed Services Committee, credited Mr. McFarlane with "breaking the arms-control gridlock" because he understood House political realities. Mr. Aspin was an architect of congressional compromises that allowed limited production of the MX missile in exchange for an administration commitment to negotiate with the Soviet Union.

Mr. Duberstein recalled a meeting with Senator William S. Cohen of Maine, Warren B. Rudman of New Hampshire and Slade Gorton of Washington, all moderate Republicans, who said the MX would never survive if viewed simply as "a Republican missile."

From this meeting came a decision to consult Mr. McFarlane, who was then deputy to William P. Clark, the national security adviser.

Out of the McFarlane-Duberstein consultations came the proposal for a bipartisan commission that would support the MX and arms control. Its chairman, suggested by Mr. McFarlane, was Brent Scowcroft, the retired air force general for whom Mr. McFarlane had worked when Mr. Scowcroft was national security adviser under President Gerald R. Ford.

More recently, Mr. McFarlane was credited

with a White House decision to postpone submittal to Congress of a Saudi Arabian arms package that might have resulted in an embarrassing foreign policy setback.

What happened, at a Jan. 23 meeting that was not publicly announced, is typical of the way Mr. McFarlane exercises his influence as an inside man.

According to administration officials, Mr. Weinberger ardently supported the Saudi arms sale with backing from high-ranking State Department officials friendly to the Saudi Arabs. Mr. McFarlane carefully prepared his opposition and came armed with information provided by congressional allies that the proposal faced opposition on Capitol Hill.

As an alternative, he proposed delaying the sale and developing a comprehensive arms package for the Middle East, an idea that carried the day with Mr. Weinberger and Mr. Shultz.

"The White House saw this as a nonstarter," a knowledgeable official said. "McFarlane convinced everyone there was no point in submitting something that the Congress wouldn't buy."

Mr. McFarlane did not come easily to influence in a post held by such dominant public figures as Mr. Kissinger and Zbigniew Brzezinski. When seven years ago, he was approaching retirement as a Marine lieutenant colonel and cheerfully acknowledged the military maxim that those of higher rank are more intelligent.

He had not been totally dismused by this when he replaced Mr. Clark 16 months ago in the White House shake-up.

"He is the perfect No. 2 man or maybe No. 2," a White House official said after Mr. McFarlane arrived there in 1981 as deputy to Mr. Clark.

Mr. McFarlane's experience appeared to support this assessment. He was a military assistant to Mr. Kissinger in the mid-1970s and impressed his boss with his diligence.

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In both positions, Mr. McFarlane earned a reputation as a hard worker.

Mr. McFarlane joined the staff of the Senate Armed Services Committee, where a former

on the committee, headed by John G. Tower, Republican of Texas, then a senator and now an administration arms-control negotiator, Mr. McFarlane played a role in decisions that led to committee's rejection of SALT-2, the arms treaty that President Jimmy Carter withdrew from Senate consideration after the Soviet invasion of Afghanistan in December 1979.

When Mr. Haig became secretary of state, Mr. McFarlane became his counselor until he entered the White House as Mr. Clark's deputy.

Mr. Clark delegated by inclination and necessity because he had little background in foreign affairs, so Mr. McFarlane often became a sort of surrogate national security adviser who briefed his boss and the president and negotiated with Congress.

"If Bud had been a civilian instead of a military man, his experience would have seemed terrific," an administration colleague said recently. "In fact, he has more experience and foreign policy knowledge than any other official in the administration, and he bears a greater burden than Scowcroft did because the president has no one around like Kissinger and Schlesinger."

Mr. Haig, who left the administration after clashes with White House officials and cabinet colleagues, said he believed that Mr. McFarlane had restored professionalism to an office that had fallen into disrepute.

"Bud has provided a mandate of substance rather than populism," Mr. Haig said in an interview. "The secretary of state has been the spokesman, as he is supposed to be. The payoff is a consistency of policy and a degree of predictability that is stabilizing. The Soviets appreciate a tough, predictable, consistent set of policies."

THESE policies are based on a grim assessment of Soviet power, which, Mr. McFarlane wrote five years ago in the *Naval Journal Proceedings*, is capable of a "nuclear victory" through war but by expanding its influence in Europe and the Third World as a result of achieving nuclear parity.

Mr. McFarlane, concerned that the United States was turning inward after the Vietnam War, strongly criticized what he saw as U.S. strategic and political weakness since World War II.

"We must not allow bad policies to take on legitimacy simply because they were not accompanied by a holocaust," Mr. McFarlane wrote. "Having superior military might has provided an enormous hedge for hasty thinking. We could afford less-than-optimal strategic planning because push was never going to come to shove. We have had the luxury of being able to foolish."

Mr. McFarlane, who served two combat tours in Vietnam, wrote that he saw the war there as a disaster in which the Russians, without firing a shot, "watched while the United States was brought to its knees in a foreign war after an investment of more than \$100 billion."

He continued to favor using the military to support diplomatic objectives, provided that its period of involvement was limited.

"I'd never now say that we should have sustained a conflict over five years," Mr. McFarlane told *The Wall Street Journal* recently. "Five years is simply incompatible with American values and the American attention span. The most relevant lesson I learned is what is and what isn't sustainable by the American people."

In 1983, as Mr. Clark's deputy, he was sent to Lebanon, where he negotiated a critical ceasefire and became deeply immersed in that country's politics of conflict.

Mr. McFarlane looked on the Lebanon situation as a textbook example of the low-order confrontations he had anticipated in his 1979 article. He saw the Russians working through Syria and others to destabilize the Middle East, and he joined Mr. Shultz in strongly advocating the deployment of U.S. Marines to help shore up the government of President Amin Gemayel.

Mr. McFarlane took over as national security affairs adviser one week before the Marine

headquarters in Beirut was demolished in a suicide truck-bombing in October 1983. More than 240 U.S. servicemen died, and Mr. Reagan's policy was left in ruins.

In subsequent months, Mr. McFarlane sided with Mr. Shultz, favoring armed retaliation for the bombing and resisting withdrawal of U.S. forces from Lebanon. They lost on both counts to the combined opposition of Mr. Weinberger, the Joint Chiefs of Staff and public opinion as reflected through Republican senators in conversations with Mr. Reagan.

Mr. McFarlane never discussed the withdrawal publicly but confided to friends his bitterness about the Pentagon opposition to deployment. "Our processes have failed," an official quoted him as saying.

His alignment with Mr. Shultz on Lebanon cast Mr. McFarlane in time with the president, which averages about four hours a week, considerably more than the amount Mr. Reagan spends with Mr. Shultz or with Mr. Weinberger.

In recent months, a White House official said, Mr. McFarlane has become confident enough that he "feels free to tell bad jokes to the president." The joke to which the official referred was related during a planning meeting for this spring's Economic summit.

It was about a cricket who was afraid he would be stepped on and asked an owl what he should do about it. The owl suggested that the cricket become an eagle. The cricket agreed and asked how he should make the transformation.

"That's logistics," the owl replied. "I'm in planning."

And so, at the White House, is Mr. McFarlane's qualities as a conciliator

The Global Newspaper.

ARTS / LEISURE

Eurythmics 'Is a Project, Not a Group'By Michael Zwerin
International Herald Tribune

PARIS — Many rock musicians trace the broad line of creativity in their idiom from the Beatles to Steely Dan to Eurythmics. The Beatles need no introduction. Steely Dan introduced rock to chords with fancy numbers. Eurythmics married it to Karlheinz Stockhausen and John Cage.

Making any one artist or group a benchmark is more or less arbitrary, but these three each changed the landscape in their way.

"Eurythmics is a project, not a

group," said one of its two members, Dave Stewart. The other, Annie Lennox, explains the project's perspective: "Pop music is a trite idiom which has the potential in it to say something of quality."

Following the British pop charts can become "stifling, like listening to the daily news," said Stewart, who considers himself European, not British. To escape the "stifling 'It's-Number-One syndrome' and to "get our ears off the ground," the two settled in Paris for three months this winter to record their next album.

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NYSE Most Actives							
Dow Jones Averages							
Vol.	High	Low	Last	Chg.			
AT&T	17109	2124	2116	+ 16			
FPL	17109	1924	1916	+ 16			
PEPSICO	16129	1924	1916	+ 16			
IBM	14816	2724	2716	+ 16			
Philip Morris	12846	4914	4904	+ 16			
Motorola	11422	5224	5216	+ 16			
Lockheed	11221	5024	5016	+ 16			
Ford	11172	4424	4416	+ 16			
FEDEX	10507	9824	9796	+ 16			
Schlesinger	10508	9824	9796	+ 16			

Dow Jones Averages							
Open High Low Last Chg.							
Index	1274.26	1299.18	1272.21	1284.11	+ 8.21		
Composite	1044.15	1052.88	1042.57	1044.10	+ 1.00		
Transport	1024.15	1028.00	1020.57	1024.10	+ 1.00		
Trans.	622.61	634.29	617.00	622.23	+ 7.52		
Utilities	510.44	526.81	517.39	523.86	+ 3.67		

NYSE Index							
High Low Last Chg.							
Composite	1044.15	1052.88	1042.57	1044.10	+ 1.00		
Transport	1024.15	1028.00	1020.57	1024.10	+ 1.00		
Utilities	510.44	526.81	517.39	523.86	+ 3.67		
Finance	1024.15	1028.00	1020.57	1024.10	+ 1.00		

Tuesday's NYSE Closing							
High Low Last Chg.							
Admitted	127	127	127				
Declined	228	228	228				
Unchanged	228	228	228				
Total	251	251	251				
New Highs	7	7	7				
New Lows	7	7	7				
Volume up	8,019,400	8,017,105	8,017,105				
Volume down	11,177,105						

AMEX Diaries							
Close Prev.							
Admitted	227	179					
Declined	228	225					
Unchanged	228	215					
Total	251	215					
New Highs	7	7					
New Lows	7	7					
Volume up	8,019,400	8,017,105					
Volume down	11,177,105						

NASDAQ Index							
Close Year Ago							
Composite	285.00	+ 1.05	251.55				
Industrials	297.25	+ 1.05	267.60				
Transport	224.67	+ 1.05	225.32				
Utilities	245.25	+ 1.05	232.52				
Finance	245.34	+ 1.05	241.18				
Treasury							

AMEX Most Actives							
Vol. High Low Last Chg.							
FPA	10242	1124	1124	1124	+ 16		
CGC	6628	1224	1224	1224	+ 16		
Domestic	4833	1224	1224	1224	+ 16		
AT&T	2654	1224	1224	1224	+ 16		
BAT	2618	1224	1224	1224	+ 16		
TELE	1224	1224	1224	1224	+ 16		
Echo	1271	1224	1224	1224	+ 16		
Chion	1223	1224	1224	1224	+ 16		

AMEX Stock Index							
High Low Last Chg. Chg.							
High	224.27	224.18	224.22	+ 1.05			
Low	224.27	224.18	224.22	+ 1.05			
Last	224.27	224.18	224.22	+ 1.05			
Chg.	224.27	224.18	224.22	+ 1.05			
Chg.	224.27	224.18	224.22	+ 1.05			

NYSE Jumps in Active Trading

United Press International

NEW YORK — The stock market closed higher in active trading Tuesday, with investors taking encouragement from a new report showing inflation still in check.

Technology issues and defense stocks scored some of the best gains.

The Dow Jones industrial average jumped 8.61 to 1,286.11. The blue-chip index had been up more than 12 points before pulling back a bit at the finish.

The New York Stock Exchange index gained 1 to 104.82 and the price of an average share increased 33 cents. Standard & Poor's 500-stock index rose 1.94 to 181.17. Advanced topped declines by a 2-to-1 ratio among the 1,998 issues traded at the close.

Big Board volume totaled 114.15 million shares, up from 89.74 million traded Monday.

Before the stock market opened, the Labor Department reported the Consumer Price Index increased 0.2 percent in January for a 2.3-percent inflation rate on a compounded annual basis.

The Commerce Department said new factory orders for durable goods rose \$3.9 billion or 3.8 percent in January, after a revised 1.9-percent drop in December.

Trade Latimer of Evans & Co. said the market seemed to respond to a slight easing of interest rates. The federal funds rate dipped to 8 percent and U.S. Trust Co. lowered its broker loan rate to 9.4 percent from 9.5 percent.

Moody's Investors Service said factory

Ms. Latimer said the buying interest seemed to favor blue chips and other big capitalization issues, with "secondaries not receiving much benefit from the improved tone."

Harry Vilee of Sutro & Co., Palo Alto, California, said the market was "consolidating nicely" following its gain earlier in the year. He said the market was "poised for a move in excess of 1,300" on the Dow Jones industrial

Mr. Hertell said a report that short interest

on the NYSE increased to nearly 250 million shares was positive. A short position involves the sale of borrowed stock which the seller hopes to replace at a lower price if the market starts to rise, short sellers often cover their positions, adding fuel to the upward move.

On the trading floor, AT&T was the most active issue, adding 1/4 to 21 1/4.

FPL Group was second, losing 1/4 to 21 1/4. Public Service Co. of Colorado was third, shedding 1/4 to 19 1/4.

Schering Plough fell 1/4 to 39 1/4 on heavy volume.

John H. Moore

Morgan Guaranty Ltd outranked all other U.S. firms in 1984 Eurobond volume



Discussing a client's needs in the international capital markets are four Morgan bankers. From left, Phelps Montgomery, Banking Division; Harry Roundell, head, Private Placement Advisory; Walter Gubert, head, and Erica Hickman, International Financial Management.

In 1984 the international capital markets continued to grow spectacularly. New-issue volume in the international bond market alone reached \$108 billion—nearly double the size of the U.S. corporate bond market.

This growth reflected a broad and growing range of financing opportunities for issuers in the international capital markets.

The Morgan Bank concentrates on helping issuers take advantage of these opportunities. Last year Morgan Guaranty Ltd, our Eurobond underwriting subsidiary, was lead or co-lead manager of the highest volume of Eurobonds underwritten by any U.S. firm for all issuers, in all currencies.

Significantly, these issues have been consistently well received by investors. This record of success will increase market demand for our clients' securities in the future.

Behind Morgan's strong performance is the uniquely comprehensive set of capabilities that we put to work for the long-term interests of our clients.

Innovativeness. In a poll last fall by *Euromoney* magazine, participants in the world's capital markets voted Morgan the most innovative bank in both the international bond and syndicated loan markets.

International arbitrage. As a major participant

Eurobond rankings—1984 All issues, all currencies			
Rank	Underwriter	No. of issues	Dollars in millions
1	Credit Suisse First Boston	78	\$12,243.8
2	Morgan Guaranty	33	5,965.2
3	Morgan Stanley International	47	5,470.6
4	Salomon Brothers International	31	4,981.3
5	Deutsche Bank	49	4,736.8
6	Merrill Lynch International	26	4,165.9
7	Goldman Sachs International	24	2,493.3
8	Nomura	33	2,288.9
9	S.G. Warburg	23	1,836.5
10	Banque Nationale de Paris	10	1,756.2
11	Dresdner Bank	23	1,749.8
12	Banque Paribas	15	1,460.4
13	SBC International	15	1,373.6
14	Société Générale	12	1,333.4
15	Lehman Bros Kuhn Loeb Int'l	11	1,287.8
16	Orion Royal Bank	20	1,179.5
17	Daiwa Europe	22	1,170.3
18	Commerzbank	18	1,141.6
19	Nikko Securities (Europe)	17	1,079.0
20	Barclays Bank	2	950.0

Source: IFR Bond Database (*International Financing Review*)

Sole lead managers receive full amount of the issue;

Joint lead managers receive equal amounts.

in the capital, credit, and local currency markets—as well as in worldwide foreign exchange, government bond, and bullion markets—we find many ways to ex-

loit intermarket arbitrage opportunities for clients.

Swaps. Morgan is the only intermediary that can act with equal proficiency as either principal or agent in rate and currency swap transactions. Our strong capital position, reflected in Morgan's AAA/Aaa credit ratings, enhances our role as principal and can reduce client costs and risks in the swaps we arrange.

Secondary markets. Our commitment and ability to make active secondary markets for the issues we manage encourage market receptivity to future issues.

Distribution. With more than a century of experience in the international markets, Morgan has developed a broad, efficient distribution capability which translates directly into more cost-effective financings for our clients.

Measure our performance. Let us compete for your mandate. You'll find we deliver imaginative services in the capital markets with the same high quality and skill that have long been hallmarks of all Morgan banking business.

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BUSINESS ROUNDUP

Matsushita Says Net Increased 30% in 1984

Reuters

OSAKA, Japan — Matsushita Electric Industrial Co. said Tuesday that increased sales of video tape recorders and electronic components boosted group net 30 percent in 1984.

The giant electronic-appliance company said group net was 238.4 billion yen (\$390 million), or 134.83 yen per share, for the year ending Nov. 20, up from 182.7 billion, or 105.72 per share, in the previous year.

Group sales were a record 4.72 trillion yen for the year, up 18 percent from 3.99 trillion yen posted in 1983.

The company attributed the sales increase to higher turnover in all sectors except audio equipment.

Sales from video tape recorders, its largest product line, rose 24 percent to 1.3 trillion yen last year, resulting

in a 20-percent increase in overall sales of video equipment.

The company said that communication and industrial equipment sales rose 32 percent and sales of electronic components, including semiconductors, rose 41 percent.

Home-appliance sales rose 15 percent on strong demand for air conditioners and microwave ovens, but audio-equipment sales stayed around levels from the previous year. Matsushita said.

Overseas sales rose 23 percent to about 2.3 trillion yen, reflecting the expansion of the U.S. company, while domestic sales rose 14 percent to 2.4 trillion, the company said.

Capital investment rose 72 percent from 1983.

Matsushita markets its products under the National, Panasonic, Quasar and Technics brand names.

Arco to Build Plant in France

Reuters

LOS ANGELES — Atlantic Richfield Co. said Tuesday that it plans to build a plant at Forney-Mer, France, near Marne, to produce 180,000 tons a year of propylene oxide and 430,000 tons of gasoline-grade tertiary butyl alcohol.

The company said construction on the plant, which will cost up to \$250 million, is tentatively scheduled to start in the second quarter of 1986. Arco said the startup is contingent on engineering and design confirmation of the capital estimates and on the completion of contracts for raw materials, utilities and products.

Propylene oxide is used in a wide variety of common products while butyl alcohol is an octane enhancer. The symbol of the colony's roots in 19th-century colonial trading, and shipping.

Wheelock Takeover Bid Raised to \$320.5 Million

By Dinah Lee

International Herald Tribune

HONG KONG — Sir Y.K. Pao issued a new challenge Tuesday to the Singapore property and banking tycoon, Khoo Teck Puat, in their 12-day battle for control of Wheelock Marden & Co., one of Hong Kong's oldest shipping and trading companies.

Sir Y.K. raised the bidding for Wheelock to 2.5 billion Hong Kong dollars (\$320.5 million) through a new offer of 7.40 dollars a share for the ordinary A shares he does not already own, and 74 cents a share for the remaining B shares.

The takeover duel has captured the imagination of Hong Kong, which is only now emerging from two years of political and economic volatility. Although the Wheelock group has not fared well in the face of a three-year property slump in Hong Kong and an international shipping recession, it remains a visible symbol of the colony's roots in 19th-century colonial trading, and shipping.

The symbolism of the well-known colonial family name of Marden giving way to a struggle between two self-made Asian tycoons also has not gone unnoticed in the region.

Sir Y.K.'s move is the fourth full bid for the Wheelock group. The first came on Feb. 14 when Mr. Khoo offered 1.9 billion dollars after having purchased 13.5 percent of the voting rights from the Mar- den family shareholder.

Sir Y.K. stepped in two days later when his company, Hongkong & Kowloon Wharf & Godown Co., raised the bidding to 2.2 billion dollars. His merchant bank, Wardley Ltd., said Tuesday that Sir Y.K. now controls 38 percent of Wheelock, having captured 4 percent in recent days in general trading in Hong Kong and London.

Mr. Khoo's last bid came Feb. 19, on the eve of a five-day break in trading for the lunar new year holiday. The Malaysian real-estate tycoon raised the bidding to 2.4 billion dollars through an offer of 7 dollars for the A shares and 70 cents for the B shares.

One merchant banker involved in the bidding said, "We're getting down to a little solid lump of remaining shares — the hard core. Sir Y.K. is now more likely to sit and wait." According to the latest tally, the shipping magnate now lacks only 13 percent of Wheelock's voting rights to gain control of the group.

Stephen Clark, an executive with Wardley Ltd., said Tuesday that Sir Y.K. was "definitely" not interested in the shipping side of Wheelock because of the unit's financial troubles.

"But there are a number of cash-rich assets, like Hongkong

Realty & Trust Co. and Realty Development Corp., that Sir Y.K. considers attractive," the banker said.

On Monday, Sir Y.K. made a strategic bid of 11 dollars a share for Allied Investors Corp., an associated investment company in the

Wheelock group. Under the take-over code of Hong Kong, the bid removed Allied's holdings in

Wheelock from public trading, denying the stake to Mr. Khoo. Analysts said the bid appeared to guarantee ultimate victory for Sir Y.K.

Chemical Firms Set Up Group

Reuters

BRUSSELS — Thirty major European chemical companies have set up a new petrochemical producers' association to improve the industry's representation, the European Council of Chemical Manufacturers' Federation said Tuesday.

The new body, known as the Association of Petrochemical Producers in Europe will promote the economic and social role of an industry. European producers are facing increased competition from a series of new plants, many of them in the Gulf.

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William L. Brown
not be included on a bank's exempt list without special permission from the Treasury Department.

Bank of America Plans Reductions

Reuters

SAN FRANCISCO — Bank of America, a unit of BankAmerica Corp., said Tuesday that it plans to reorganize its retail banking operations, closing or altering 10 percent of its branches and reducing staff by one-tenth.

Bank of America currently employs about 32,000 people in the retail division and officials said the staff would be reduced mainly through attrition.

A BankAmerica spokesman also said that an internal investigation of recent losses connected with faulty mortgage loan pools had been completed and that the bank will take action shortly. He said the reorganization had nothing to do with the faulty loan pools.

Ford Motor Co. Ltd. of Britain said it has won an order for 7,000

cars from Avis Rent a Car Ltd. Ford said the contract was valued at \$37 million (\$39 million).

Harrison's & Crosfield PLC's unfriendly tender offer for Pauls PLC will not be referred to the British Monopolies Commission, the Trade and Industry Department said.

Kyocera Corp. and Fuji Photo Film Co. said they will start marketing Sony Corp.'s new 8-millimeter videotape recorders in Japan next month. Sony said it has sold more than 20,000 of the units since their introduction in January.

Montedison SpA, the financially troubled Italian chemicals concern, came close to bankruptcy in 1984, according to Gemma SpA, a financial holding company that holds a 17.1-percent stake in Montedison.

Peinsular & Oriental Steam Navigation Co. PLC said it has been tendered 353.6 million ordinary shares, or 86.6 percent of the total outstanding, of Sterling Guar-

antee Trust PLC under terms of its tender offer.

Perry Drug Stores said it has agreed to acquire Apex Drug Stores Inc., a 27-store Michigan chain, for an undisclosed amount of cash. Perry said the purchase will increase the number of stores in its drugstore division to 175.

Raymond International said it has been awarded a contract to rebuild a coke-oven battery at Ford Motor Co.'s Rouge Steel works in Dearborn, Michigan. Value of the accord was not disclosed.

SmithKline Beckman Corp. has been placed on two years' probation by a U.S. court and ordered to give \$100,000 to a child-abuse program for failing to promptly report the side effects of a drug blamed for 35 deaths.

Boston Bank Retirees Reportedly Under Scrutiny

(Continued from Page 9)
very big" and were no different from what mailmen or firemen might receive at Christmas.

Mr. Matheson acknowledged that he himself "didn't pay much attention to the regulations" about reporting cash transactions. "If you had to stop and bang out a report for every single transaction, you'd never get anything done," he added. "Tellers have enough to do just trying to balance out at the end of the day."

He added: "Especially if you know the customer, you may cut a corner. What are you going to do, give them the third degree?" The Angiulos, he said, had already been customers of the branch when he first went to work there 36 years ago, and "they were very nice people who always treated me a gentleman."

Moreover, he added, he had nothing to do with drawing up the list, which he believed was prepared by Mrs. Cushing.

About two weeks ago, Mr. Matheson was the source of the first

public reports that the Angiulos had often bought large amounts of cashier's checks for cash that they brought to the bank in paper bags.

Mrs. Cushing, called at home, would not come to the phone. But her husband, Thomas L. Cushing, said that she would not comment on anything.

Friends said that Mrs. Cushing had worked at the branch for about 35 years, making her way up from vault attendant and teller to secretary, and then assistant manager and manager. Mr. Matheson described her as a "very smart woman, dedicated to the bank."

A lawyer familiar with the case said the Bank of Boston had hired the Boston law firm of Goodwin, Procter & Hoar to defend Mrs. Cushing and that she had refused a government offer to plead guilty on charges that she was involved in putting the Angiulos on the exempt list. Her defense was that she did not understand the regulations, the source said.

Dennis Saylor, a member of the law firm who was said to be handling her case, said he would not answer any questions about it.

Barry Allen, a spokesman for the Bank of Boston, said he could not answer any of a list of 10 questions about Mrs. Cushing. Mr. Matheson and the bank's exempt list.

William F. Weld, the U.S. attorney in Boston, also said he would have no comment and declined to say whether Mrs. Cushing or Mr. Matheson had been notified that they were currently targets of the grand jury.

A Bank of Boston Corp. spokesman, Wayne Taylor, denied that the two former employees are under investigation by a federal grand jury.

Both Mrs. Cushing and Mr. Matheson retired last month shortly before the Bank of Boston pleaded guilty to failing to report \$1.2 billion in cash transfers with Swiss

banks and was fined \$500,000, a record amount.

There is no apparent connection between the bank's failure to report the cash transfers and its inclusion of the Angiulos on its exempt list.

But one executive of the Bank of Boston said the bank had hoped that a guilty plea on the foreign transactions would end the government's investigation into its domestic troubles.

Last week the Bank of Boston acknowledged that, from 1979 to 1983, it had sold cashier's checks totaling \$17,372,343 to members of the Angiulo family. Of that sum, 163 checks, totaling \$2,163,457, were for cash. Mr. Brown, the bank's chairman, admitted that it was "illegal" for the bank not to report those cashier's checks for cash.

The bank also reported that, in 1982, it had been notified by the Treasury Department that some of the companies on its exempt list, including two Angiulo concerns, did not qualify for exempt status.

The two Angiulo companies were real-estate concerns that can

Poison Pills in the Corporate Medicine Chest

(Continued from Page 9)

the suitor would face a huge added expense.

Another variant, known as the "flip-over" pill, provides that if the company is acquired and merged into another corporation, each of the original shareholders can buy extra stock in the new merged corporation at, say, half price — thus diluting the acquiring company's stock. In some pills, both approaches are combined.

In Phillips' case, the company has adopted a plan under which shareholders could swap each of their shares for \$62 in notes once someone buys at least 30 percent of the company. Such a provision would make Mr. Icahn's acquisition of Phillips far more expensive.

He has offered \$60 a share for 45 percent of the oil company and is trying to defeat the company's proposed \$8-billion recapitalization plan, scheduled for a Wednesday vote by shareholders. In a separate tactic, he is also trying to unseat the board and replace them with his own directors, who then would withdraw the pill.

Phillips' poison pill has generated criticism not only from Mr. Icahn, but from T. Boone Pickens, who said the pill was "designed to entrench existing management and shortstop a proposed tender offer to the shareholders of Phillips."

Mr. Pickens, a Texas oilman, recently made a profit of nearly \$90 million when he agreed to drop his plan to take over Phillips, and sell its 5.8-percent stake back to the company for \$53 a share.

Since the pill is still a relatively new defense tactic — and takeover experts are just beginning to turn their attention to developing an "antidote" — it is too soon to say whether poison pills are the ultimate weapon in the takeover war.

Many companies, however, feel they need whatever weapons they

can get, and with good reason: industry statistics show that once a takeover is started, the target company has only a one-in-five chance of remaining independent, even though the original suitor usually is not the one that finally makes the acquisition.

But even if continued experience shows that poison pills really do ward off unwanted takeovers, there are those who suggest that they may have too many unpleasant side effects to be widely prescribed.

Indeed, the adoption of a poison pill and the potential for enormous debt that it represents may affect a company's ability to raise money, and may therefore depress the value of a company's stock. Since it also cuts deeply into a basic shareholder right, that is, the right to decide who should control the corporation, shareholders may not be willing to pay as much for the undiluted stock.

The poison pill raises troubling issues, more troubling than most defensive tactics against takeovers," said Harvey Goldschmid, who teaches corporate law at Columbia University School of Law.

"Depending on how substantial the redemption is, if an acquirer hits the trigger point, it may force an unhealthy restructuring of the company's ratio of debt and equity."

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SPORTS

road to World Cup
becoming Rocky*International Herald Tribune*

IDON — The Mexican sun which the 1986 World Cup will be played is likely to be setting, but unless some of the stars begin heating up now, never get to Mexico.

Indeed, after shaping up so last summer's European championships, now has all but

ended. For the second successive game, its lackadaisical stars have been exposed; in where Sweden easily won

Sunday, the West Germans

Voller, replacing the great

Heinz Rummenigge, cut on the left, creating a goal

for Litbarski, then scoring a

OB HUGHES

himself, Germany clinging to that first-half lead

defeated Portugal, 2-1.

West German team may be

relation to those in the heyday of Franz Beckenbauer, now the

team's three victories in

contests means the gateway

is half open. For Portu-

spite the flickering promise

ager Robert Futter that

ay nearly closed

seen friendlies it had been

mans, shunning the creative

genius of Bernd Schu-

Hans Müller, who had

listlessly. Confused, or so it

by a manager who once

lived by instinct but now

with strategic theory.

Today, another four qual-

ifications will be played in Eu-

ropean atmosphere will be par-

ticipated in Seville, where

seeks revenge against Scot-

land in Belfast, where the Irish

more than one score to settle

an English.

England defeated Tur-

o, in Istanbul in November,

ers' manager, Bobby Rob-

son of Northern Ireland be-

hard not to crack."

er than he thought. The En-

gland Association's deci-

cute off the Irish, after 100

home internationals, ran

Windsor Park will be a very

place for England," warns

secretary, Dave Bowen.

sure we will be made very

," said Robson. Just in

ngland's "anti-hooligan

holic," Leslie Walker, was

hired to advise the Royal Ul-

— could hardly believe our

Bowen said. "Lads who

their lives dealing with

and terrorists were asked



Miguel Munoz

how they would cope if English fans started throwing stones from a corner of the ground."

Finally, the English tried to sug-

gest flying in their heroes the day of

the match. "Not unless you want to

give us points," replied the

Irish. "The rules specify the visiting

team must be in a country 24 hours

before a match."

So the English team must stay in

a heavily guarded country hotel,

savoring feelings that soften up

many a team visiting Belfast, be-

fore the Irish take a run at them.

It has to help if, like Northern

Ireland's goalie, Pat Jennings,

the most placid of giants,

is about to escape the obscurity of

the Arsenal reserves by equaling

the record of England's former cap-

tain, Bobby Moore, in playing his

10th international match.

On the English side, led by AC

Milan's astute Ray Wilkins, a

young man named Trevor Steven

is awaiting the chance to play for

his country for the first time. Taught

by Burnley, which specializes in

grouping gifted schoolboys, Ste-

Spain seeks revenge
against Scotland and
the Irish have more
than one score to
settle with England.

ven is a perceptive right-sided mid-

fielder on the Everton team that

leads England's First Division.

His call came at the expense of

the "bitterly disappointed" Glen

Hoddle, the gifted but unpredict-

able player as cherished in England

as Schuster and Müller are in Ger-

many.

The English-Irish match will be a

raw-boned affair and no place for

lame hearts. A draw, says Robson,

would do nicely.

But there has been a touch of

humor to the match. Thieves who

raided the Irish team headquarters

overlooked terrace tickets worth a

black-market fortune and took only

VIP passes. If those passes, since replaced, are used they will

deliver their hauls into the hands of

the local constabulary.

We can only guess at who or

what will be delivered in Seville.

In November, Scotland beat Spain

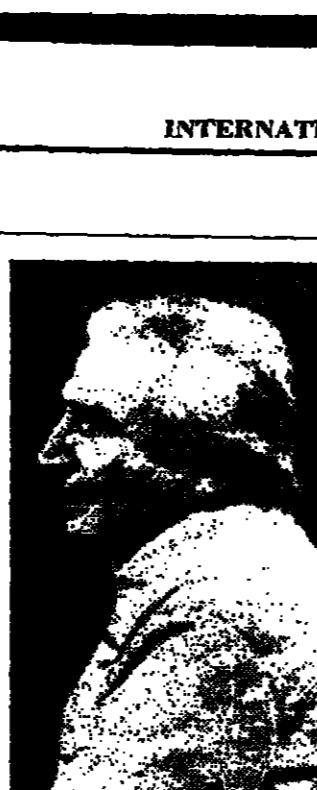
for the first time in 21 years. And, as

Emilio Butragueno, the goal scorer

known in Madrid as "el buti," or

the vulture, warns, the Spanish

mood is uncompromising.

**For the Niekros, Good Times Start After 40***United Press International*

KISSIMMEE, Florida — Ten years ago much of the baseball world wasn't interested in Joe Niekro. Now the 40-year-old knuckleballer is nearing his 200th major league victory and hopes, with his brother, Phil, to set a record.

Niekro is seven victories shy of 200 — not bad for someone picked up for the waiver price after Atlanta released him and Detroit turned him down in favor of younger pitchers. He hopes to reach 200 early this summer as a Houston Astro.

Niekro is seven victories shy of 200 — not bad for someone picked up for the waiver price after Atlanta released him and Detroit turned him down in favor of younger pitchers. He hopes to reach 200 early this summer as a Houston Astro.

But he also has another goal. Joe and Phil Niekro, who pitches for the New York Yankees and has 284 career victories, need 53 more victories between them to reach 200 and surpass Gaylord and Jim Perry as the brothers with the most victories in baseball history.

"That's the one we're after," Joe

brothers will give the game ball to their father.

And Joe Niekro's financial future looks bright. He could sign a contract making him the highest-paid player in the Astro's history. He is entering the final year of a three-year contract worth about \$850,000 a year. Considering his value to the team, his contract probably will surpass the \$1 million a year that teammate Nolan Ryan

earns.

Ten years ago, the Astros were about the only ones who wanted Niekro.

"When I came here the question wasn't 200 wins," Niekro said. "I had 58 wins, so No. 59 looked a long way off, let alone 200."

"I was more worried about who I was going to work for. A lot of people didn't think I could pitch any more. It's a good feeling to be able to do this after a lot of people didn't think I could pitch. No one

had faith in my knuckleball the way I did."

But Niekro is showing no signs

of slowing down. Last year, he was 16-12. After 10 starts, he was 2-7.

After June 1, Niekro was 14-5, his best run since he won nine of 10 down the stretch in 1980, the only season in which the Astros won a division title. The performance reinforced the Niekro family's reign as the grand old men of pitching.

Phil, who will be 46 on April 1, was 16-8 in his first season with the Yankees last year. He, too, was released by Atlanta after pitching 20 seasons for the Braves.

Since 1979, when he became a full-time starter, Joe Niekro has not missed a turn because of illness or injury. Excluding the 1981 season, which was shortened by a strike, he has averaged 37 starts, seven innings per start and 18 victories per year.

"Every year, Joe is a given," said Bob Lillis, the Astros' manager. "You can count on him. He's one

worry I don't have."

Phil Niekro

had faith in my knuckleball the way I did."

But Niekro is showing no signs

Jets Set Team Mark
In Scoring With 12*The Associated Press*

NEW YORK — In their previous game, the Winnipeg Jets managed only 13 shots in losing to Montreal. They rebounded Monday night by scoring nearly that many goals and overwhelming the New York Rangers, 12-5.

The Jets collected four goals in each period to set a team scoring record and hand the Rangers their worst defeat on home ice since 1944.

"Everything seemed to be going in tonight," said Doug Smail, who began and ended the blitz of goalies Glenn Hanlon (seven saves in 12 shots) and John Vanbiesbrouck. "When you get the next four goals after being down 4-0, it gives you a big lift. You feel looser and more confident, like you can try anything and do it."

The Jets' goals included a short-handed effort by Thomas Steen and one on a power-play by Dale Hawerchuk, whose three points gave him 101 for the season. They scored on long shots — Robert Pritchard's first of two goals on a screened blast from 55 feet — and short tap-ins, such as Laune Boschman's first of two.

Randy Carlyle, Perry Turnbull, Bill and Dave Babych also scored for the Jets, who won their 15th road game to tie another team record. The 12 goals surpassed the 10 Winnipeg scored against Toronto in 1982 and Los Angeles in '83.

In other NHL games, it was Chi-

cago 4, Toronto 3 in overtime, and Minnesota 5, Pittsburgh 4.

"We came out quick and caught them," said Hawerchuk, who set up two of Winnipeg's three goals in 100 seconds in the first period. "They sagged when they fell behind and we would keep taking it to them."

"We've got the offensive players who can produce when they have

NHL Focus

to. It's tough to work on your defense in a game like this. It's a lot easier to play when the club is scoring like this and the attitude is fresh."

Boschman said the tight race for second place in the Smythe Division, which the Jets lead by two points over Los Angeles and Calgary, has made his team "pretty hungry."

"It was a big game with three teams tied for second going in," he said. "We wanted to take it to them, go on their defense and test them."

They did, and the Rangers failed

"I think the score speaks for itself," said left wing Mark Osborne.

"It seems that whenever the defense got caught the forwards weren't there to back them up. It also seemed that every time we cleared the pack, it went right onto one of their sticks."

Don Maloney scored twice on power plays for the Rangers, and